

Message Text

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XMB

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FM SECSTATE WASHDC
TO AMEMBASSY ANKARA
INFO AMCONSUL ISTANBUL

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E.O. 11652: N/A

TAGS: BPRO

SUBJECT: ANKARA 5171 - INQUIRIES ON EXIMBANK CFF FROM SYKB
AND TSKB.

1. EXIMBANK HAS HAD ONLY ONE CFF LINE AVAILABLE TO BANKS
IN TURKEY IN RECENT YEARS. SINAI YATIRIM VEKREDI BANKASI
HAS A DOLS. 1 MILLION CREDIT AND MATCHING DOLS. ONE MILLION
GUARANTEE TO CONNECTICUT BANK AND TRUST AVAILABLE TO
AUGUST 31, 1978. THIS LINE WAS NEVER MADE OPERATIVE BY
EXIMBANK BECAUSE OF THE PREVAILING CONDITIONS IN TURKEY
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AND WILL EXPIRE UNUTILIZED.

2. EXIMBANK HAS RECENTLY RECEIVED A REQUEST FROM SYKB TO
EXTEND THEIR FACILITY FOR ANOTHER YEAR AND HAS RECEIVED A
NEW CFF LINE REQUEST FROM INDUSTRIAL DEVELOPMENT BANK OF
TURKEY (TSKB).

3. IN RESPONSE TO THE REQUEST FROM SYKB WE HAVE SENT
THEM THE FOLLOWING TELEX MESSAGE: QUOTE. WE ACKNOWLEDGE

RECEIPT OF YOUR TELEXES DATED JUNE 27, 1978 AND YOUR CABLEGRAM OF THE SAME DATE IN REFERENCE TO THE STATUS OF YOUR CFF CREDIT LINE AND YOUR REQUEST TO EXTEND THIS FACILITY FOR ANOTHER YEAR.

4. WE APPRECIATE YOUR CONTINUED INTEREST IN THIS PROGRAM HOWEVER WE DO NOT BELIEVE IT WOULD BE APPROPRIATE TO ACT ON YOUR REQUEST AT PRESENT FOR THE FOLLOWING REASONS: EXIMBANK IS CURRENTLY COMPLETING ITS NEGOTIATIONS FOR A RESCHEDULING OF DEBTS INVOLVING TURKISH OBLIGORS FOR OUTSTANDING MATURITIES DUE BETWEEN JANUARY 1, 1977 AND JUNE 30, 1979. YOUR GOVERNMENT IS ALSO NEGOTIATING A RESCHEDULING OF OTHER DEBTS OWED TO PUBLIC AND PRIVATE INSTITUTIONS AND UNDERTAKING CERTAIN ECONOMIC REFORMS IN CONJUNCTION WITH AN IMF STANDBY. ALL THESE MEASURES ARE DESIGNED TO CORRECT THE SERIOUS FINANCIAL DIFFICULTIES, PARTICULARLY IN EXTERNAL ACCOUNTS WHICH TURKEY HAS FACED.

5. UNDER ITS LEGISLATIVE MANDATE, EXIMBANK IS REQUIRED TO CONCLUDE THAT REASONABLE ASSURANCE OF REPAYMENT EXISTS FOR ALL ITS TRANSACTIONS.

6. IT SEEMS APPROPRIATE, THEREFORE, THAT THE DEBT
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RESCHEDULINGS BE IN PLACE AND THAT THERE BE A REASONABLE PERIOD OF TIME FOR ASSESSING TURKEY'S ECONOMIC PERFORMANCE UNDER ITS NEW REFORMS, BEFORE WE EXTEND THE AVAILABILITY DATE OF YOUR NOW INACTIVE CFF LINE.

7. PLEASE BE ASSURED THAT EXIMBANK IS DEEPLY INTERESTED IN THE OUTCOME OF THE VARIOUS ECONOMIC REFORMS TAKEN BY YOUR GOVERNMENT AND CLOSELY MONITORS THEM. WE ARE ALSO INTERESTED IN SUPPORTING U.S. EXPORTS TO TURKEY AS SOON AS CONDITIONS SO WARRANT. AS SOON AS WE ARE ABLE TO RECONSIDER YOUR REQUEST AGAIN WE WILL NOTIFY YOU IMMEDIATELY. WE HAVE SENT A COPY OF THIS TELEX TO MR. BAYARD TRACY, ASST. TREASURER, THE CONNECTICUT BANK AND TRUST COMPANY. ARTHUR PILZER. UNQUOTE

8. IN A STATE CABLE, EXIMBANK REQUESTED AMCONSUL, ISTANBUL TO ACKNOWLEDGE AND THANK TSKB FOR THEIR INTEREST IN THE CFF BUT INFORM THEM THAT THE REQUEST COULD NOT BE CONSIDERED AT THIS TIME FOR THE SAME REASONS GIVEN TO SYKB.

9. IN REFERENCE TO EXIMBANK'S FORMER LIMITATIONS ON TRANSACTION SIZE AND MAXIMUM BUYER USAGE UNDER THE CFF, PLEASE NOTE THAT NO SUCH LIMITS NOW EXIST.

10. IN ADDITION, EXIMBANK HAS RECEIVED AN INQUIRY FROM TURKIYE SISE VE CAM FABRIKALARI, A GLASS MANUFACTURER IN ISTANBUL TO REQUEST OUR CONSIDERATION FOR CFF SUPPORT OF A DOLS. 1.9 MILLION SALE OF MACHINERY TO BE FINANCED UNDER

SYKB'S CFF. WE HAVE TELEXED THIS COMPANY AND INFORMED THEM OF THE SITUATION AND OUR INABILITY TO FINANCE THIS SALE AT THE PRESENT TIME.

11. AS STATED IN OUR STATE CABLE EXIMBANK IS CLOSELY WATCHING THE OUTCOME OF THE VARIOUS ECONOMIC REFORM UNCLASSIFIED

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MEASURES IN TURKEY, THE PERFORMANCE UNDER THE IMF STANDBY CREDIT AND IS INTERESTED IN SUPPORTING U.S. EXPORTS TO TURKEY AS SOON AS CONDITIONS SO WARRANT. CHRISTOPHER

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